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Message Text

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ACTION EB-07

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R 151652Z SEP 75
FM AMEMBASSY BONN
TO SECSTATE WASHDC 2878
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
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E.O. 11652: N/A
TAGS: EAIR, FR, WB, UK, US
SUBJECT: CIVAIR: BERLIN PARIS CHARTERS

REF: A. PARIS 23511 B. BONN 14305

1. AT SEPTEMBER 9 MEETING CAA'S RETURNED TO AIR FRANCE'S APPLICATION FOR A SERIES OF FLIGHTS TO PARIS. FRENCH CAA LASSUS CONFIDED THAT SIGNALS FROM AIR FRANCE AND PARIS WERE NOT ENTIRELY CLEAR; HOWEVER, HE WAS NOW PREPARED TO INFORM OTHER CAA'S THAT PROPOSED FLIGHTS SHOULD BE TREATED AS SCHEDULED SERVICES. SEATS ON FLIGHTS IN QUESTION WOULD BE AVAILABLE TO PASSENGERS PAYING FULL FARE, AS WELL AS TO THOSE TRAVELING UNDER UNGER REISE-DIENST AUSPICES. FARE TO LATTER CATEGORY WOULD BE "SUBSIDIZED" BY TRAVEL AGENT, WITH EFFECTIVE COST TO THE PASSENGER APPROXIMATING DM 240, OR ABOUT DM 50 MORE THAN OFFERED BY PAN AMERICAN'S CHARTER PROGRAM. NOMINAL RATE WOULD REMAIN THE LOWEST AVAILABLE PUBLISHED FARE - DM 287. LASSUS DID NOT KNOW WHETHER GROUND PACKAGE WAS INCLUDED IN UNGER/AIR FRANCE ARRANGEMENT.

2. EMB CAA EXPRESSED CONCERN FOR BROADER IMPLICATIONS OF AIR FRANCE'S ACTIONS. IN OUR VIEW, AD HOC INTRODUCTION
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OF SCHEDULED SERVICES FOR THE SOLE PURPOSE OF REPLACING

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CHARTER ACTIVITIES COULD PROVE TO HAVE A DE-STABILIZING EFFECT ON THE ENTIRE BERLIN AVIATION PICTURE IF (AS WE CONSIDER LIKELY) OTHER AIRLINES RESORTED TO THE SAME DEVICES. (FOR EXAMPLE, BA MIGHT UTILIZE THE SAME TECH-NIQUE TO COUNTER CHARTER COMPETITION FROM PAA AND BRITISH SUPPLEMENTALS ON THE LONDON ROUTE.) MOREOVER, MERCHANDISING TICKETS ON A SCHEDULED SERVICE AT LESS THAN PUBLISHED RATES WOULD, IN OUR VIEW, SET A VERY BAD PRE-CEDENT FOR FUTURE COMPETITIVE PRACTICES AMONG BERLIN CARRIERS. BRITISH CAA EXPRESSED SIMILAR MISGIVINGS, POINTING OUT THAT HE WAS PREPARED TO CONCUR IN CORRIDOR CLEARANCES BUT FELT COMPELLED TO REPORT TO LONDON HIS SERIOUS RESERVATIONS ABOUT AIR FRANCE'S PLANS. LASSUS SAID HE UNDERSTOOD OUR CONCERNS AND WOULD PASS OUR VIEWS TO PARIS. HIS FURTHER REMARKS SHED NO ADDITIONAL LIGHT ON AIR FRANCE'S MACHINATIONS BUT LEFT US THE IMPRESSION THAT THE GOF HAD DUG ITS HEELS IN ON THE ISSUE.

3. COMMENT: THE POTENTIALLY DESTABILIZING IMPACT ON THE BERLIN CIVIL AIR MARKET OF AIR FRANCE'S EXAMPLE STRIKES US AS PERHAPS THE MOST REGRETTABLE ASPECT OF THIS UN-FORTUNATE EPISODE. EMBASSY PARIS' LATEST EXCHANGE WITH THE QUAI SUGGESTS THAT ADDITIONAL PRESSURE IN PARIS MIGHT PROVE HELPFUL, AND IS INDEED WARRANTED IN THE FACE OF AIR FRANCE'S CLUMSY MANEUVERING TO CAPTURE BUSINESS DEVELOPED BY ANOTHER ALLIED CARRIER. WE SUGGEST THAT THE NEXT APPROACH UNDERSCORE OUR ADDITIONAL CONCERNS WITH AIR FRANCE'S HANDLING OF THE SITUATION AS OUTLINED PARA 2, ABOVE. WE ARE LIKEWISE NOT SANGUINE REGARDING THE POSSIBILITY THAT THE FRENCH WILL BACK OFF, HOWEVER, WE BELIEVE IT IMPORTANT, IF AT ALL POSSIBLE, TO DIS-COURAGE A REPETITION OF AIR FRANCE'S HIGHLY QUESTIONABLE COMMERCIAL PRACTICES. AS REPORTED IN REF B
WE NONETHELESS CONTINUE TO BELIEVE IT WOULD BE COUNTER-PRODUCTIVE TO WITHHOLD CORRIDOR CLEARANCE AND WE WOULD THEREFORE CONCUR IN THE FLIGHTS-ALBEIT RELUCTANTLY.
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